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SIPDIS
FOR THE PRESIDENT FROM CHARGE D'AFFAIRES JOHN KOENIG

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TAGS: [GM](#) [MARR](#) [NATO](#) [PGOV](#) [PHUM](#) [PREL](#)
SUBJECT: SCENESETTER FOR THE PRESIDENT'S VISIT TO GERMANY

Classified By: Charge d'Affaires John M. Koenig for Reasons 1.4 (b) and (d)

¶1. (U) Mission Germany is delighted to welcome you for your second official visit to Germany. Chancellor Merkel also welcomes your visit, especially to eastern Germany during an anniversary year when Germans are celebrating the 20th anniversary of the fall of the Berlin Wall and the 60th anniversary of the German Constitution. Your visit precedes the EU Parliament elections on June 7 and comes at a time when Germany is also consumed by the campaign for parliamentary elections on September 27, 2009. Chancellor Merkel joins you in Dresden and Buchenwald from the campaign trail where she has been fighting a battle immediately focused on the EU elections but with direct consequences for her re-election prospects.

MERKEL AND STEINMEIER FOCUSED ON ELECTION

¶2. (S/NF) Chancellor Merkel will be fully focused on her political future over the next three months. Germany's deteriorating economy remains the dominant issue in the run-up to the September parliamentary elections. Merkel's reactive style in a time of economic crisis exposes her vulnerabilities. Weak demand has hit exports hard, particularly in the job-heavy manufacturing sector. Despite stimulus initiatives, Germany has taken few steps to wean the economy off exports. German efforts since the G-20 Summit have focused on ridding the banks of toxic assets through creation of individual "bad banks."

¶3. (S/NF) Merkel remains the odds-on favorite to prevail as Chancellor in the parliamentary elections, but the balance among the six parties in the Bundestag means it is unclear what kind of coalition she would lead. The global economic slowdown, rising unemployment, and dire straits for well known firms such as Opel have made the electorate more skeptical about the Chancellor's vision for bringing Germany out of its worst post-war recession. Ongoing domestic squabbles within her CDU and its Bavarian sister-party the Christian Social Union (CSU), and three years within a "Grand" Coalition with the Social Democrats (SPD) have taken a heavy toll on the political and economic identities of the CDU and Chancellor Merkel. Polls have been steady and show the CDU/CSU together would receive 34-36 percent of the vote if elections were held today.

¶4. (S/NF) Looking to the future, it is increasingly uncertain whether Merkel will be able to rule with her preferred coalition partner the liberal Free Democratic Party (FDP) -- currently polling 13-15 percent -- or whether she will enter another "Grand" coalition with the SPD after the

parliamentary elections. Merkel is fortunate that her key political rival, SPD Foreign Minister Steinmeier, has been unable to capitalize on her domestic problems to boost the fortunes of his own party, which is plagued by internal divisions. Currently, the SPD is polling 23-25 percent.

LIMITATIONS ON FOREIGN POLICY INITIATIVES

¶5. (S/NF) The Merkel-Steinmeier rivalry will continue to complicate our work with the German government over the next three months. Whereas Steinmeier is trying to associate himself in the public eye with the new U.S. administration, Merkel has remained more circumspect. Merkel's approach may stem from an assessment that she does not stand to gain much domestically by exhibiting the same enthusiasm Steinmeier displays towards the new Administration. In the 2005 election, Merkel watched her lead nearly evaporate as voters soured on her message of economic liberalism. The lesson she and the CDU leadership seem to have drawn is that bold policy steps bring excessive risk.

¶6. (S/NF) There is little enthusiasm in the short term for ideas that could have a negative impact on the Chancellor's electoral fortunes, such as going beyond current plans for the German troop presence in Afghanistan (especially in the south) or committing to the resettlement of Guantanamo Bay detainees in Germany during an election year. On Afghanistan, Merkel has been cautious and has increased German civilian engagement while doggedly resisting real or perceived pressure for Germany to take on a larger military

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role. On Iran and the Middle East, Merkel and Steinmeier have welcomed the Administration's initial steps, but without committing Germany to specific policy measures. Although Merkel will find it difficult to deliver bold steps on Iran and Afghanistan in the short term, it will be valuable for her to hear directly from you where the US most needs Germany's help for the rest of 2009 and into the next year.

¶7. (S/NF) Our leverage for influencing Chancellor Merkel on Turkey's EU membership is limited. Merkel and French President Sarkozy have made common cause in opposing Turkish EU membership, including at a joint appearance for the EU elections. The CDU/CSU argues that Turkey neither fulfills the EU's criteria nor fits into the European value system, and that the EU cannot accommodate another member (especially one that would become simultaneously the largest and likely the poorest EU member if admitted) until the Lisbon Treaty is ratified. They support a strategic partnership with Turkey as an alternative to EU accession. If Merkel is re-elected in September, Germany's support for Turkey's EU vocation will hinge -- as in her current term -- on a bargain struck with her coalition partner.

CLIMATE CHANGE AND ENERGY TO THE FORE

¶8. (S/NF) The Germans are intensively following the U.S. debate over climate change, as they believe U.S. commitments to cut greenhouse gas emissions will determine the success or failure of the Copenhagen negotiations. Bringing U.S. emissions below 1990 levels by 2020, the Germans stress, is critical to getting emerging countries like China on board. Across the political spectrum, the Germans believe climate protection is fully compatible with growth. Merkel continues to support the Transatlantic Economic Council (TEC), which remains a priority in Germany's transatlantic policy. Particularly with the standstill in the Doha negotiations, Germany is eager to revive the TEC process and has championed initiatives such as energy efficiency and industrial standards equivalency that would save consumers many billions

of dollars while spurring two-way trade and investment.

¶9. (S/NF) Germany aspires to a strategic role in relations between Europe and Russia and is less open to U.S. leadership there than in any other foreign policy field. This reflects a long history of intense and often troubled relations between Moscow and Berlin. Economics play a large role at present, but are not the dominant factor in Merkel's thinking. Despite initial shock over the Russian-Ukrainian gas crisis, Germany's dependence on Russian gas continues to influence its approach to Russia. Germany strongly contends that its energy relationship with Russia is "mutually dependent," and that Russia remains for the most part a reliable partner. At the same time, Germany recognizes the need to diversify its energy sources and supplies and supports new pipelines that show commercial promise; it tacitly backs the trans-Caspian Nabucco pipeline, but remains skeptical about its viability. Merkel supports retention of Germany's oligopolistic energy market although the EU Commission argues that it constrains competition, raises prices to consumers, and inhibits integration of the European energy network.

¶10. (U) Mr. President, Mission Germany is honored to support you on your second official visit to Germany, and we look forward to welcoming you in Dresden and Buchenwald.
Koenig